

House Study Bill 639

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
TRANSPORTATION BILL BY
CHAIRPERSON ARNOLD)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to disclosure requirements for the sale, lease,
2 or trade of a motor vehicle and providing penalties.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 6098HC 80
5 dea/gg/14

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1 1 Section 1. Section 321.69, Code Supplement 2003, is
1 2 amended by striking the section and inserting in lieu thereof
1 3 the following:
1 4 321.69 SALVAGE, REBUILT, OR FLOOD VEHICLES == MISSING OR
1 5 NONOPERATIVE AIRBAGS == DISCLOSURE REQUIREMENTS.
1 6 1. Except as provided in subsection 6, a person shall not
1 7 sell, lease, or trade a motor vehicle if the person knows or
1 8 reasonably should know that the vehicle was titled as a
1 9 salvage, rebuilt, or flood vehicle in this or any other state
1 10 during or prior to the transferor's ownership of the vehicle
1 11 unless the person clearly discloses in writing prior to the
1 12 sale, lease, or trade to the person to whom the person is
1 13 selling, leasing, or trading the vehicle that the vehicle was
1 14 titled as a salvage, rebuilt, or flood vehicle in this or any
1 15 other state.
1 16 2. Except as provided in subsection 6, a person shall not
1 17 sell, lease, or trade a motor vehicle if the person knows or
1 18 reasonably should know that the motor vehicle contains a
1 19 nonoperative airbag that is part of an inflatable restraint
1 20 system, or that the motor vehicle has had an airbag removed
1 21 and not replaced, unless the person clearly discloses in
1 22 writing to the person to whom the person is selling, leasing,
1 23 or trading the vehicle, prior to the sale, lease, or trade,
1 24 that the airbag is missing or nonoperative. In addition, a
1 25 lessee who has executed a lease as defined in section 321F.1
1 26 shall provide the disclosure statement required in this
1 27 subsection to the lessor upon termination of the lease.
1 28 3. Authorized vehicle recyclers licensed under chapter
1 29 321H and motor vehicle dealers licensed under chapter 322
1 30 shall maintain copies of all written disclosures required
1 31 under this section where the recycler or dealer is either the
1 32 transferor or the transferee for five years following the date
1 33 of the disclosure. The copies shall be made available to the
1 34 department or the attorney general upon request.
1 35 4. A person, authorized vehicle recycler licensed under
2 1 chapter 321H, or motor vehicle dealer licensed under chapter
2 2 322 shall not be liable to a subsequent owner, driver, or
2 3 passenger of a vehicle because a prior owner or lessee gave a
2 4 false or inaccurate disclosure or failed to make a disclosure
2 5 required under this section unless the person, recycler, or
2 6 dealer knew or reasonably should have known that the prior
2 7 owner or lessee gave a false or inaccurate disclosure or
2 8 failed to make a disclosure required by this section.
2 9 5. A person who knowingly makes a false disclosure or
2 10 fails to make a disclosure required by this section commits a
2 11 fraudulent practice. Failure of a person, authorized vehicle
2 12 recycler licensed under chapter 321H, or motor vehicle dealer
2 13 licensed under chapter 322 to comply with any duty imposed by
2 14 this section constitutes a violation of section 714.16,
2 15 subsection 2, paragraph "a".
2 16 6. This section does not apply to motor trucks and truck
2 17 tractors with a gross vehicle weight rating of sixteen
2 18 thousand pounds or more, motorcycles, motorized bicycles, and
2 19 special mobile equipment. Subsection 1 does not apply to
2 20 vehicles more than nine model years old. This section does
2 21 apply to motor homes.
2 22

EXPLANATION

2 23 This bill rewrites Code section 321.69 relating to
2 24 disclosure requirements for the transfer of ownership of a
2 25 motor vehicle. The new language states that a person who
2 26 sells, leases, or trades a motor vehicle must disclose in
2 27 writing prior to the transaction that the motor vehicle was
2 28 titled as a salvage, rebuilt, or flood vehicle in this or
2 29 another state if the person knows or reasonably should know
2 30 that fact. The bill eliminates the current requirement to
2 31 disclose any damage to the vehicle for which the cost of
2 32 repair is \$6,000 or more from a single incident. The bill
2 33 also requires that a person who sells, leases, or trades a
2 34 motor vehicle must disclose in writing prior to the
2 35 transaction that the motor vehicle has a missing or
3 1 nonoperative airbag if the person knows or reasonably should
3 2 know that fact. In addition, a lessee must provide the airbag
3 3 disclosure to the lessor upon termination of a lease.
3 4 Motor trucks and truck tractors with a gross vehicle weight
3 5 rating of 16,000 pounds or more, motorcycles, motorized
3 6 bicycles, and special mobile equipment are exempt from the
3 7 disclosure requirements. Vehicles more than nine model years
3 8 old are exempt from the disclosure requirement applicable to
3 9 vehicles titled as salvage, rebuilt, or flood vehicles, but
3 10 are subject to the airbag disclosure requirements.
3 11 The bill requires licensed vehicle recyclers and licensed
3 12 motor vehicle dealers to maintain copies of written
3 13 disclosures, both given and received, for five years following
3 14 the date of the disclosure. The copies are to be made
3 15 available to the state department of transportation and the
3 16 attorney general upon request. The requirement under existing
3 17 law that all damage disclosure statements be retained by the
3 18 state department of transportation and made available to the
3 19 public and the attorney general is eliminated.
3 20 The bill provides that a person, licensed vehicle recycler,
3 21 or licensed motor vehicle dealer is not liable to a subsequent
3 22 owner, driver, or passenger of a vehicle because a prior owner
3 23 or lessee failed to provide a disclosure or gave a false or
3 24 inaccurate disclosure unless the person, recycler, or dealer
3 25 knew or reasonably should have known that fact.
3 26 The bill provides the same penalties currently prescribed
3 27 for violations of the damage disclosure law. A person who
3 28 fails to make a required disclosure or makes a false
3 29 disclosure commits a fraudulent practice. A disclosure law
3 30 violation committed by a licensed vehicle recycler or licensed
3 31 motor vehicle dealer is punishable as consumer fraud.
3 32 LSB 6098HC 80
3 33 dea/gg/14.1